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27 JAN 1976

MEMORANDUM FOR: Chief, Plans Staff, DD/A

SUBJECT : FY 1977 Budget Backup Information

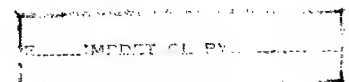
1. Attached are responses to the two questions transmitted by your Official Routing Sheet dated 26 January. Questions may be addressed to [REDACTED] of our Plans and Programs Staff on extension 3357.

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2. This memorandum becomes unclassified upon the removal of the attachments.

/s/ Michael J. Malanick
Michael J. Malanick
Director of Logistics

Atts



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Question - Agency Real Estate Holdings

What are the Agency's principal real estate holdings and what purpose does each serve? Can some holdings or site functions be consolidated and made more cost/effective?

Answer:

1. Offices, warehouses, photo interpretation, training rooms, and laboratories in the Washington area occupy over 2 million square feet of space. The Headquarters Building and the adjacent Printing and Photography Building make up [REDACTED] square feet of that. Recently we acquired 100,000 square feet of space on two floors of the [REDACTED] as replacement space for the Magazine Building in Rosslyn, Virginia, which will be turned back to the General Services Administration. We are also negotiating for the [REDACTED] (50,000 square feet) and a 35,000 square foot warehouse building on [REDACTED] to ease the congestion in the Headquarters Building. In addition, 13,000 square feet are being acquired in the [REDACTED] [REDACTED] for the same purpose.

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4. We are constantly looking at the cost/effectiveness of combining facilities, particularly those of large acreages and large support requirements. A study is currently underway to determine the costs and feasibility of moving a

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Another study is underway concerning other sites throughout the country. Consolidation is made difficult, however, in finding one area or one facility which will provide for all of our unique requirements

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Question - Effects of Inflation

What effect has inflation had on the Agency's operational capabilities?

Answer: A study of the impact of inflation on the Directorate of Administration, concluded in June 1975, should also be indicative of its impact on other directorates. Aside from the increasing personnel costs which are Agencywide and governmentwide, inflated costs of goods and services are more unpredictable and adversely affect on-going operations. In consumable supplies alone, we have seen double--and even triple--digit inflation in many products. Since a basic requirement for consumables always exists, inflated costs in that sector cause the deferment of other goods or services if budget limitations are to be observed. Capital equipment is usually a candidate for deferment as are building improvements and renovations. The Offices of Logistics and Communications, in particular, are affected by inflationary costs in that those offices must protect the purchasing power of their budgets while simultaneously supporting objectives approved at higher levels. Increasing costs of [REDACTED] commercial travel, telephone service, repair and maintenance services, and petroleum products have all caused us to employ stringent management and conservation practices. The same impacts occur in the support of our overseas facilities both directly and indirectly--

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